

## REMARKS/ARGUMENTS

By this paper, Applicant replies to the Office Action of October 23, 2006 and respectfully requests reconsideration of the application.

Claims 38-137 are now pending. Claims 37, 38, 47, 50, 56, 60, 68, 72, 77, 92, 95, 101, 104 and 113 are independent.

### I. Each Claim Recites a Limitation Absent From All Three References Raised

Each claim now pending recites an electronic trading system that treats two separate obligations or two separate transactions as a related pair, in particular ways recited in each claim. For example:

38. A method, comprising the steps of:

... the offered contract proposing to obligate a seller to sell securities to the prospective buyer and to obligate the seller to repurchase securities at a specified future date at a specified future price, the specified future price being the price of the sale plus imputed interest, ...

113. A method, comprising the steps of:

by automated trading system, making available to prospective parties offers of pairs of transactions, the transactions of a pair related by the automated trading system to require simultaneous and inseparable negotiation and/or acceptance by a one of the prospective parties and a party offering a pair, the offered pairs of transactions each including:

(a) an obligation of a selling one of the parties to sell ..

(b) an obligation of the selling party to repurchase securities ..., the future price being the price of the sale plus imputed interest; and

... the automated trading system requiring that the two transactions of a pair be contracted for between the buying and selling party simultaneously and inseparably.

As the October 2006 Action itself concedes (Action of 10/23/2006, page 3, line 17), the cited portions of Silverman '082 only discuss a trading system that can handle **single**-transaction or **single**-obligation transactions. The Brown and Best articles at best suggest that problems were known to exist that needed a solution, but neither suggests any automated trading system that might solve the problem, let alone the electronic solutions that treat two separate obligations or two separate transactions as a related pair, as recited in the claims.

The reasoning in the October 2006 Action, page 3, appears to be that Silverman's disclosure of the genus "highly specified instruments" renders obvious all trading systems for all species of instruments. This is not the law. To raise an obviousness rejection, an Action must show "motivation to modify or combine" to reach the particular combination claimed, and "reasonable expectation of success" that the particular prior art teachings relied on will achieve the particular invention claimed. *In re Lee*, 277 F.3d 1338, 1343, 61 USPQ2d 1430, 1433-34 (Fed. Cir. 2002) ("The need for specificity pervades [Federal Circuit] authority."); *In re Kotzab*, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) ("particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed"); MPEP § 2143.01 ("The prior art must suggest the desirability of the claimed invention," not merely some unspecified invention in a related field.)

## **II. Calls for Substantial Evidence Under 37 C.F.R. § 1.104(d)(2), and MPEP §§ 2143.01, .02 and .03**

37 C.F.R. § 1.104(d)(2) provides as follows:

(2) When a rejection in an application is based on facts within the personal knowledge of an employee of the Office, the data shall be as specific as possible, and the reference must be supported, when called for by the applicant, by the affidavit of such employee, and such affidavit shall be subject to contradiction or explanation by the affidavits of the applicant and other persons.

The October 2006 Action asserts a number of facts that are apparently based on personal knowledge of the Examiner, because they are unsupported by any other substantial evidence. These "facts" include at least the following:

- "Utilizing the system and method of Silverman, a user seeking to trade a repurchase agreement can therefore enter preliminary terms to the agreement in order to be matched with a counterparty with a similar interest. These counterparties can then be placed into communication where concrete details of the financial transaction can be hashed out" (Action of 10/23/2006 at page 3).
- "It was old and well known though for there to be post agreement actions that the counterparties are required in order to fulfill the deal. Therefore it would have been obvious to anyone of ordinary skill at the time of the invention to include this step ... because there are inherently steps performed after the closing of the agreement that represent a risk" (Action of 10/23/2006 at page 8).

- "... wherein the record further comprises a right of substitution, margin, and collateral type." (Action of 10/23/2006 at page 10). Applicant calls for a reference or affidavit.

Pursuant to 37 C.F.R. § 1.104(d)(2), if any of these (or any similar) assertions are raised in any future paper, Applicant calls for a reference or affidavit in support.

In particular, Applicant calls for a reference or an affidavit stating that Silverman's system *as disclosed* could *even theoretically* be used to negotiate *two* linked transactions or obligations, as recited in the now-pending claims, when the Office Action itself concedes that Silverman '082 at most teaches trading *one* transaction at a time. (Action of 10/23/2006, page 3, line 17).

The Examiner's 2006 recognition of the need for the invention is not a substitute for a showing that an element was known in the art before the filing date, and that there was motivation to combine the elements, and that there was reasonable expectation of success, and that the art taught a practical solution to the need. MPEP § 2143-2143.03 requires that each element of *prima facie* obviousness be addressed separately. The leaps to conclusion in the Office Action sidestep the 3-step *prima facie* analysis of MPEP § 2143-2143.03. This is not permitted. Examiners cannot leap multiple tall buildings in a single bound. To ensure that there is no reliance on hindsight, Applicant calls for references or an affidavit showing that every element is known in the art.

### **III. Dependent claims**

The dependent claims are patentable with the independent claims discussed above. In addition, the dependent claims recite additional features that further distinguish the art.

### **IV. Withdrawal of Previous Remarks**

Applicant apologizes for previous arguments that are not based on the claims, and withdraws all such remarks. Applicant promises that all future papers will be focused on particular claim language, or considerations that relate to precise legal principles.

In return, Applicant requests that all papers from the Examiner be similarly focused on the precise language of the claims, the precise teaching of the references, and precise legal principles, including the required elements of *prima facie* grounds of rejection (*e.g.*, MPEP § 2143-2143.03 for obviousness). Applicant requests that all future Office papers designate

portions of references thought to correspond to each element of the claims “as nearly as practicable,” and either make showings that the elements of the references are arranged as recited in the claims or establish all *prima facie* elements of obviousness, and show that the references provide either an enabling disclosure or “reasonable expectation of success” (MPEP § 2143.02).

The claims as now pending are broader in some respects than previous claims. Applicant intends that the claims as now pending be interpreted under the ordinary interpretation understood in the art, without regard to any previous statements by Applicant’s counsel. Applicant hereby rescinds, and no longer intends that the claims be limited by, any assertion, statement, argument, amendment or other action in this patent application, or in any application whose file history is available for use in interpreting any patent issuing on this application. No such assertion, statement, argument, amendment or other action in this application or in any such available application should be taken as a surrender of or disclaimer from, and may not be used to interpret, any claim of this patent, or any claim of any patent to which such applications’ file histories may be pertinent.

Among the remarks withdrawn are the following:

- All characterizations of “the invention” that are not literally stated in the claims, including those in the specification, are withdrawn.
- All quotations from and references to the specification, to the extent that they suggest that the scope of the invention is defined by the specification rather than the claims, are withdrawn (e.g., paper of 7/27/2005 at pages 8-9, paper of 12/5/2005 at pages 10-11).
- All arguments not based on limitations stated in the claims, and all statements that any feature of the specification is “necessary” or “must” be present when not stated in the claims (e.g., paper of 7/27/2005 at pages 9-10; paper of 12/5/2005 at page 10), are withdrawn.
- All arguments that imply that all offers must communicate all material terms “as part of the original advertisement” (e.g., paper of 12/5/2005 at page 10), and similar statements not directly stated in the claims, are withdrawn.
- Any implication that multiple claims stand or fall together, or that dissimilar claim language may be considered equivalent (e.g., paper of 7/24/2006 at page 10), is withdrawn.

Applicant hereby requests that the Examiner re-visit any previous surrender, disclaimer or characterization of claims, and re-visit any prior art that may have been avoided or intended to be avoided by such surrender, disclaimer or characterization. Pursuant to this request, and to

guide this re-visit, Applicant submits a Form 1449 with all references applied in this application and all parent applications. Applicant requests that the 1449 be initialed to confirm that the references have been re-visited. In addition, a new search is requested.

#### **V. Suggestion for Clearer Office Actions**

Numbered paragraphs of Office Actions are very helpful.

Applicant notes that the Action of October 2006 has a number of “cut and paste” repeated paragraphs. Applicant suggests that future Actions would be clearer if no text is duplicated. If two claims are thought to present identical issues, Applicant suggests that it would be clearer to simply state that fact, “Claim limitation x is met by reference y for the identical reasons discussed in paragraph z.” If claims are partially identical and partially different, it would be clearer (and perhaps more efficient for the Examiner) to simply indicate where the identical parts are discussed, and then set out the different analysis separately, rather than mix identical and different discussion together.

#### **VI. Conclusion**

A Petition for Extension of Time extends time through April 23, 2007. Accordingly, this reply is timely. In the event that further extension of time is required, Applicant petitions for that extension of time required to make this reply timely.

In view of the amendments and remarks, Applicant respectfully submits that the claims are in condition for allowance. Applicant requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to resolve any condition that would impede allowance. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3938, Order No. 00-8201.

Respectfully submitted,  
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